



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1162

Introduced 2/8/2007, by Sen. Iris Y. Martinez

SYNOPSIS AS INTRODUCED:

815 ILCS 505/2ZZ new

Amends the Consumer Fraud and Deceptive Business Practices Act. Requires a motor vehicle dealer, who enters into a retail transaction where a consumer trades in or sells a vehicle that is subject to a lien to a dealer, to: (i) within 7 calendar days of the date of sale, give written notice to the lien holder of the traded-in or sold vehicle that the vehicle has been traded in or sold to the motor vehicle dealer; (ii) within 14 calendar days of the date of sale or within 10 calendar days of receiving payment in full for the motor vehicle sold to the consumer, whichever date is earlier, remit payment to the lien holder to pay off the lien on the traded-in or sold motor vehicle, unless the underlying contract has been rescinded before expiration of 14 calendar days; (iii) within 5 calendar days of rescission of a contract give written notice to the lien holder that the contract has been rescinded and that the motor vehicle originally traded in or sold has been returned to the consumer, if the underlying contract entered into between motor vehicle dealer and the consumer has been rescinded for any reason before the expiration of 14 days; and (iv) fully comply with the listed Section of the Act if the contract entered into between the motor vehicle dealer and the consumer is rescinded for any reason.

LRB095 08538 LCT 28719 b

1 AN ACT concerning motor vehicles.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Consumer Fraud and Deceptive Business
5 Practices Act is amended by adding Section 2ZZ as follows:

6 (815 ILCS 505/2ZZ new)

7 Sec. 2ZZ. Payoff of liens on motor vehicles traded in to
8 dealer.

9 (a) When a motor vehicle dealer, as defined by Sections
10 5-101 or 5-102 of the Illinois Vehicle Code, enters into a
11 retail transaction where a consumer trades in or sells a
12 vehicle that is subject to a lien to a dealer, the dealer
13 shall:

14 (1) within 7 calendar days of the date of sale, give
15 written notice to the lien holder of the traded-in or sold
16 vehicle that the vehicle has been traded in or sold to the
17 motor vehicle dealer;

18 (2) within 14 calendar days of the date of sale or
19 within 10 calendar days of receiving payment in full for
20 the motor vehicle sold to the consumer, whichever date is
21 earlier, remit payment to the lien holder to pay off the
22 lien on the traded-in or sold motor vehicle, unless the
23 underlying contract has been rescinded before expiration

1 of 14 calender days;

2 (3) within 5 calendar days of rescission of a contract,
3 give written notice to the lien holder that the contract
4 has been rescinded and that the motor vehicle originally
5 traded in or sold has been returned to the consumer, if the
6 underlying contract entered into between motor vehicle
7 dealer and the consumer has been rescinded for any reason
8 before the expiration of 14 days; and

9 (4) fully comply with Section 2C of this Act if the
10 contract entered into between the motor vehicle dealer and
11 the consumer is rescinded for any reason.

12 (b) A motor vehicle dealer who violates this Section
13 commits an unlawful practice within the meaning of this Act.

14 (c) For the purposes of this Section, the term "date of
15 sale" shall be the date the parties entered into the
16 transaction as evidenced by the date written in the contract
17 executed by the parties, or the date the motor vehicle
18 dealership took possession of the traded-in or sold vehicle. In
19 the event the date of the contract differs from the date the
20 motor vehicle dealership took possession of the traded-in
21 vehicle, the "date of sale" shall be the date the motor vehicle
22 dealership took possession of the traded-in vehicle.